

Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 19128 01 OF 02 151420Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-11 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
ICAE-00 SSO-00 NSCE-00 INRE-00 STR-07 XMB-02
OES-07 OIC-02 L-03 /121 W
-----074697 151438Z /50

O R 151415Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 3272
INFO AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 19128

USOECD

USEEC ALSO FOR EMBASSY

PASS TREASURY (BERGSTEN) AND STR

E.O. 11652: N/A
TAGS: EFIN, ETRD, OECD
SUBJECT: TRADE PLEDGE AND EXPORT CREDITS ARRANGEMENT:
SECRETARY BLUMENTHAL'S INTERVENTION AT OECD MINISTERIAL

1. FOLLOWING IS TEXT OF SEC. BLUMENTHAL'S INTERVENTION
ON TRADE PLEDGE (INCLUDING EXPORT CREDIT ARRANGEMENT)
DURING OECD MINISTERIAL MEETING:

BEGIN TEXT

-- THE TRADE PLEDGE HAS SINCE ITS INCEPTION BEEN A
BULWARK AGAINST PROTECTIONISM AMONG THE INDUSTRIALIZED
DEMOCRACIES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 19128 01 OF 02 151420Z

-- THE ECONOMIC ENVIRONMENT TODAY DIFFERS FROM THAT
WHICH PROMPTED THE ORIGINAL PLEDGE IN 1974, BUT THE NEED
FOR THE PLEDGE IS UNDIMINISHED.

-- PROTECTIONIST PRESSURES ARE RAMPANT, FUELED BY UNEM-
PLOYMENT AND SLUGGISH ECONOMIC GROWTH.

-- WHILE WE DEAL WITH OUR FUNDAMENTAL PROBLEMS, WE MUST
GUARD AGAINST ANY EROSION OF THE TRADING SYSTEM. RENEW-
ING THE PLEDGE IS A TANGIBLE SIGN OF OUR CONTINUED COM-
MITMENT TO LIBERAL TRADE.

I WOULD LIKE TO EXPRESS AT THIS TIME MY SERIOUS CONCERN
ON THE MATTER OF THE INTERNATIONAL ARRANGEMENT ON EXPORT
CREDITS.

-- THE NEGOTIATIONS CONCLUDED IN FEBRUARY 1978
SERVED TO PROVIDE GREATER TRANSPARENCY WITH RESPECT TO
EXPORT CREDIT TRANSACTIONS BY IMPROVING THE PROCEDURAL
PROVISIONS FOR NOTIFICATION.

-- HOWEVER, SUBSTANTIVE IMPROVEMENTS IN KEY AREAS
OF THE ARRANGEMENT WERE LEFT FOR FUTURE REVIEWS.

-- WE ARE SERIOUSLY CONCERNED THAT UNLESS THERE
IS A HIGH-LEVEL POLITICAL IMPETUS TO FURTHER NEGOTI-
ATIONS TO BROADEN AND STRENGTHEN THE ARRANGEMENT, THE
EVER INCREASING PRESSURES TO USE EXPORT CREDIT FINANCING
FACILITIES TO PROMOTE EXPORTS WILL LEAD TO A COSTLY AND
WASTEFUL EXPORT CREDIT WAR.

-- NOT ONLY WILL SUCH A CREDIT RACE GENERATE ILL-
WILL BUT IT WILL UNLEASH THE PROTECTIONIST FORCES WE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 19128 01 OF 02 151420Z

ALL WANT TO CONTAIN.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 19128 02 OF 02 151419Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-11 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
ICAE-00 SSO-00 NSCE-00 INRE-00 STR-07 XMB-02
OES-07 OIC-02 L-03 /121 W

-----074693 151438Z /50

O R 151415Z JUN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 3273
INFO AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 19128

USOECB

-- THIS IS NOT AN IDLE THREAT. THE US CONGRESS
HAS ALREADY INDICATED THEIR VIEW THAT WE DID NOT GO FAR
ENOUGH IN OUR RECENTLY CONCLUDED NEGOTIATIONS. WE
ARE UNDER SEVERE AND INCREASING PRESSURE FROM THE
U.S. BUSINESS COMMUNITY TO PROVIDE MORE FAVORABLE
EXPORT CREDIT TERMS.

-- ACCORDINGLY, IT IS OUR STRONG VIEW THAT THERE
MUST BE NEGOTIATIONS THIS YEAR:

A) TO REDUCE THE EXTENT OF THE SUBSIDY PROVIDED
IN EXPORT CREDIT FINANCING BY THE CONTINUING
DIFFERENCE BETWEEN COMMERCIAL INTEREST RATES AND THE
INTEREST RATES SUPPORTED BY EXPORT CREDIT AGENCIES;

B) TO INCLUDE THOSE SECTORS WHICH ARE NOT NOW
COVERED BY THE ARRANGEMENT, PARTICULARLY AIRCRAFT,
NUCLEAR POWER PLANTS AND SHIPS; AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 19128 02 OF 02 151419Z

C) TO MODERATE PRACTICES BY GOVERNMENTS WHICH
DEPRIVE EXPORTERS IN OTHER COUNTRIES OF THE OPPORTUNITY
TO COMPETE FOR SALES, FOR EXAMPLE, THE MIXING OF AID
AND EXPORT CREDITS.

-- I URGE THE INCLUSION OF LANGUAGE IN OUR
COMMUNIQUE WHICH WILL NOT ONLY INDICATE TO THE WORLD
THAT WE HAVE NO INTENTION OF SUPPORTING AN EXPORT
CREDIT RACE BUT WILL ALSO CONSTITUTE THE DIRECTION
WE EXPECT OUR RESPECTIVE OFFICIALS TO TAKE IN THIS
AREA.

END TEXT
SALZMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, EXPORTS, INTERVENTION, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS19128
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780250-0631
Format: TEL
From: PARIS USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780656/aaaabvyu.tel
Line Count: 167
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8d916088-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2339362
Secure: OPEN
Status: NATIVE
Subject: TRADE PLEDGE AND EXPORT CREDITS ARRANGEMENT: SECRETARY BLUMENTHAL'S INTERVENTION AT OECD MINISTERIAL
TAGS: EFIN, ETRD, US, OECD, (BLUMENTHAL, W MICHAEL)
To: STATE USEEC
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/8d916088-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014